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MEMORANDUM FOR: Deputy Director (Administration)

SUBJECT: Relocation and Reorganization of Operations and Liaison Branch, Finance Division

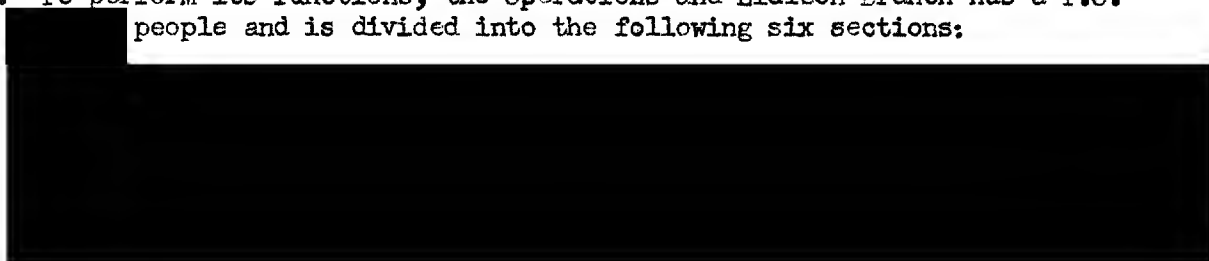
1. PROBLEM:

How to establish a better operating relationship between the Area Divisions DD/P and the Operations and Liaison Branch, Finance Division which will:

- a. Provide more effective financial support to the Clandestine Services, and
- b. Expedite the flow of financial documents, dispatches and cables.

2. FACTS BEARING ON THE PROBLEM:

- a. Of all Agency funds obligated during Fiscal Year 1954, 51.3% were unvouchered funds obligated by the DD/P component; 70% of this amount was obligated by the various Area Divisions.
- b. The primary mission of Finance Division, Office of the Comptroller, is to administer and supervise unvouchered financial operations. (See Finance Division functions - Tab A)
- c. The Operations and Liaison Branch, Finance Division, audits and certifies vouchers, accountings, and claims pertaining to unvouchered funds; assists and advises operating officials of covert activities on matters pertaining to financial plans and procedures. (See Operations and Liaison Branch functions - Tab B)
- d. The Budget and Fiscal Sections of the Area Divisions, DD/P, perform the budget and fiscal functions for their Divisions, and in addition are the points of contact for all financial matters pertaining to the personnel of the Division or to projects operated by the Division.
- e. To perform its functions, the Operations and Liaison Branch has a T.O. people and is divided into the following six sections:



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tical finance functions for the Area Divisions which they service. The personnel of these Sections are now physically located in the east end of I Building and are considerably distant from the various Area Division Budget and Fiscal Officers who are located in office spaces in I, J, K, L and Quarters I buildings. The normal day-to-day financial business of the Area Division necessitates travel by Area Division personnel to and from the offices of the various O&L Sections.

3. DISCUSSION:

- a. Since the primary function of the Operations and Liaison Branch, Finance Division, is to render financial support to the DD/F, and since all matters of a financial nature are centralized in the Area Division Budget and Fiscal Sections, the best possible liaison between these two elements must be maintained at all times.
- b. All field station accountings received at headquarters must first pass thru the Area Divisions for operational examination. Accountings from Class B Stations are then forwarded to the O&L Branch, Finance Division, for audit and certification. In many cases, this audit and certification cannot be completed until additional information has been obtained from the Budget and Fiscal Officers, other Division personnel or field stations. This results in continuous contact of the Area Budget and Fiscal Officers by the O&L Auditors and Certifying Officers, and a constant flow of financial cables and dispatches between Headquarters Area Divisions and Field Stations. Instances arise daily wherein the Area Division will send a dispatch to the field requesting operational information relative to a particular expenditure, only to be followed a few days later by a dispatch from an O&L Certifying Officer or Auditor to the same field station concerning another expenditure reflected on the same accounting. The present flow of accountings, cables, and dispatches in headquarters is shown in Fig. I - Tab D.
- c. In addition to this complex flow of communications which results in excessive time lag, numerous financial questions arise in the Area Divisions prior to the approving of advances by O&L Certifying Officers. This

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results in many conferences between O&L and Area Division personnel, and requires that Area Division personnel make trips to I Building for such conferences. Many financial problems could be eliminated by more constant liaison between these elements. Furthermore, proper financial briefing of personnel en route to the field would eliminate many financial problems which arise at a later date. This is evidenced by the form in which many field accountings are received at Headquarters.

4. CONCLUSIONS

- a. The present organization and physical location of the Operations and Liaison Branch, Finance Division does not produce the most effective financial support to the operating components of the Agency.
- b. More efficient financial support could be rendered to the Clandestine Services, procedures could be greatly improved, and better communications established between headquarters and field stations, by reorganizing and physically relocating the various Sections of O&L. (See Fig. II - Tab D)
- c. In order that the Comptroller can effectively perform his function, and Finance Division auditors and certifying officers retain their objectivity, it is imperative that they remain under the jurisdiction of the Comptroller, and subject to his assignments, efficiency ratings and promotions. (See Functions of the Comptroller and Statement of Certifying Officer - Tab E.) Separation of the control of auditors from operating personnel is a well established principle in both Government and industry as exemplified by the General Accounting Office, many large industrial corporations and international banking institutions.

5. IT IS RECOMMENDED THAT:

- a. The Operations and Liaison Branch be reorganized into nine sections; one Section to service all components of the Agency which expend unvouchered funds other than the Area Divisions, one section to perform the payroll function for Staff Agents and Contract Agents, and a section for each of the Area Divisions. This may require limited clerical support from some of the Area Divisions. (See Tab F)
- b. The O&L Sections servicing the Area Divisions be relocated to a space adjacent to that space now occupied by the Budget and Fiscal officers of the various Area Divisions.
- c. A study of the workload be made to determine the number of people necessary to perform the function for each of the sections.

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- d. Auditors and certifying Officers to remain under the jurisdiction of Chief of Finance Division and be rotated between the various sections at periodic intervals.



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Chief, Management Staff

ATTACHMENTS:

- Tab A - Finance Div. Functions
- Tab B - O&L Branch Functions
- Tab C - Organization Chart
- Tab D - Flow Chart of Documents
- Tab E - Functions of Comptroller
Statement of Certifying Officer
- Tab F - Proposed Organization Chart

CONCURRENCES:

See memo 2-11-55 attached
DD/P

Office of the Comptroller

Functions - Finance Division

1. Administers and supervises unvouchered financial operations, including receipt, custody, use of and accounting for such funds, both within and outside the continental limits of the United States.

2. [REDACTED]

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3. Directs activities of agent cashiers and provides guidance for unvouchered fund officers on a world wide basis.

4. [REDACTED]

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Functions - Operations and Liaison Branch, Finance Division

1. Audits and certifies vouchers, accountings and claims.
2. Maintains close liaison with operating officials on matters involving covert financial support.
3. Assists and advises officials and employees of covert activities relative to financial procedures, implications and plans in connection with covert projects and operations.
4. Initiates, develops and coordinates regulations, instructions and criteria on financial support functions.
5. Assists and coordinates with Technical Accounting Staff and operating Divisions in the development of financial guides and standards for application to [REDACTED] proprietary projects.
6. Coordinates finance training program for personnel who will in some degree handle unvouchered finance matters.

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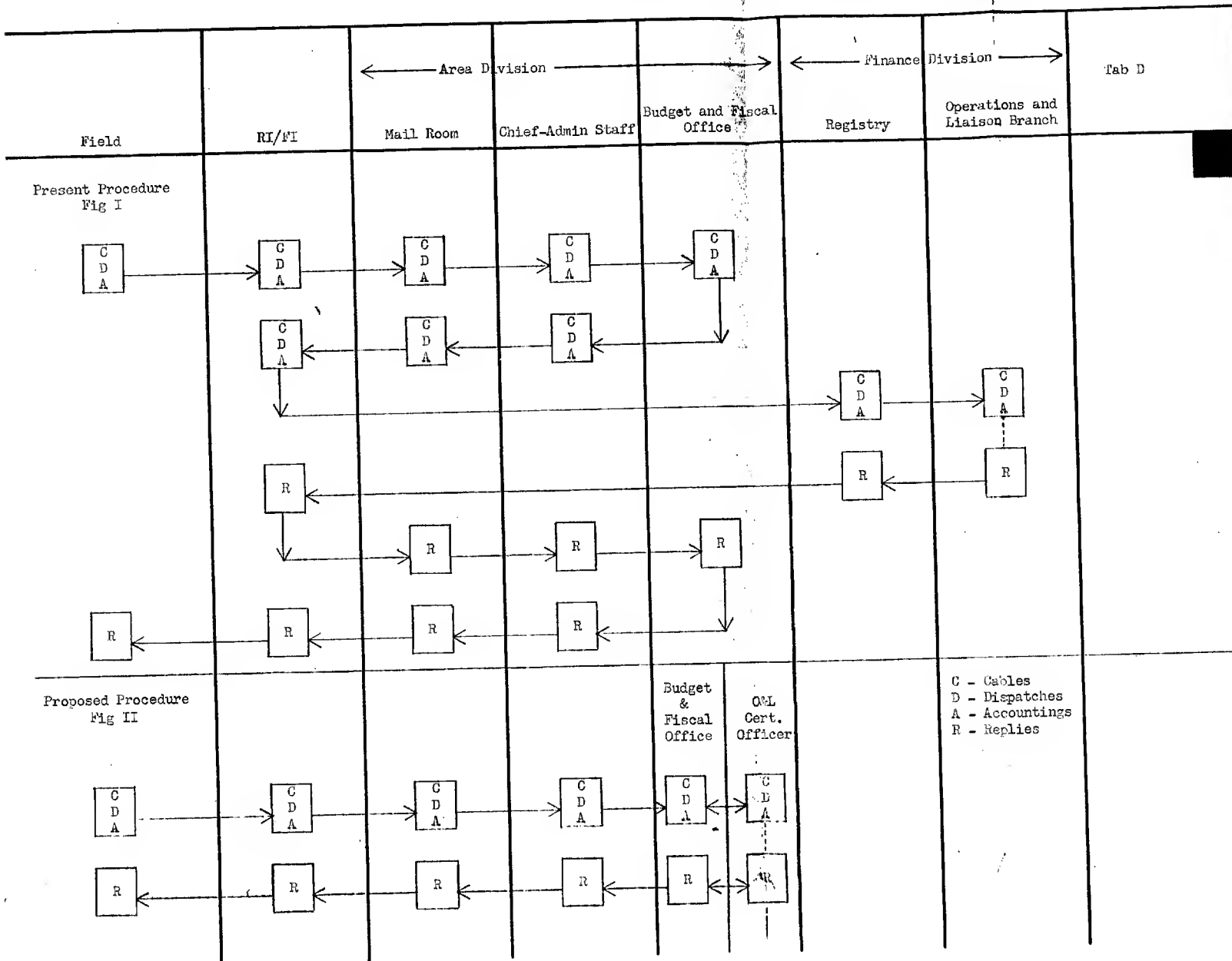
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Functions of the Comptroller - Excerpt

"Establishes accounting and financial policies and procedures and otherwise provides Staff advice to the Agency on all related matters to insure the establishment and maintenance of appropriate controls with respect to accounting and audit matters and supervises the use of both vouchered and unvouchered funds for Agency world-wide activities and other financial matters involving Agency policy and procedure with other appropriate officials concerned with internal Management problems."

Statement of Certifying Officer

"I certify that this accounting has been examined by me; that receipts or other substantiating data has been furnished me, or a satisfactory explanation made for the failure to furnish same; that it appears from such data that the itemized expenditures were for necessary official purpose, reimbursement for which is allowable under existing regulations; and that such expenditures are properly chargeable to the accounts indicated below."

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